



**DOUGLAS A. DUCEY**  
Governor

**THOMAS BUSCHATZKE**  
Director

ARIZONA DEPARTMENT of WATER RESOURCES  
1110 West Washington Street, Suite 310  
Phoenix, Arizona 85007  
602.771.8500  
azwater.gov

December 3, 2018

*Re: Proposed Amendment to Implementation Plan*

Dear President Atkins and Director Cesare:

First, I would like to thank CAWCD staff for their substantial contributions to the development of the Implementation Plan as presented to the Steering Committee on November 29, 2018. As I said at the Steering Committee meeting, I fully endorse the Implementation Plan as presented. Governor Ducey's intention to include in his budget proposal \$30 million in State funding of system conservation demonstrates the Administration's commitment to the Implementation Plan.

I am writing to you regarding the "friendly amendment" to the Implementation Plan proposed by Director Cesare at the meeting. I agree with the need to work to resolve the uncertainty regarding USF to GSF transactions. In fact, the Implementation Plan assumes that those uncertainties will be resolved.

However, I cannot support the remainder of the proposed amendment for reasons that follow.

The amendment essentially proposes to reduce the 150,000 acre-feet of system conservation to be funded by the State and non-governmental organizations (NGOs), instead diverting 75,000 acre-feet of conservation to serve as the DCP Contribution that would otherwise come from CAP water users.

One of the strengths of the Implementation Plan is that it identifies a path forward while respecting the objections expressed by stakeholders. During the Steering Committee process and small group meetings, On-River Contractors have clearly stated that they view use of On-River supplies to meet the DCP Contribution as an indirect transfer of water from the River to Central Arizona and strongly oppose such a transaction. The proposed amendment ignores that concern by using On-River supplies to meet the obligations that would otherwise come from Central Arizona.

Given Governor Ducey's proposal to include \$30 million of upfront funding for system conservation and the financial commitment from NGOs, it is clear that the necessary offset for use of CAP ICS will be achieved while respecting the objections of On-River Contractors.

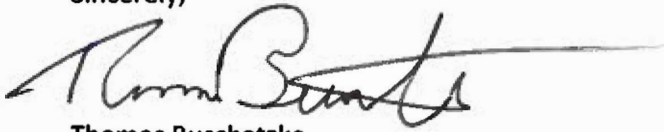
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Additionally, the proposal to include 7,000 acre-feet per year over three years for the CAGR pool, if the CAGR – Gila River Indian Community – Gila River Water Storage, LLC, acquisition is not executed, is unnecessary. My understanding is that the acquisition will be dependent on the authorization of the DCP (and any necessary Implementation Plan components) by the Arizona Legislature. If the Arizona Legislature fails to authorize the execution of the DCP agreements, then the Implementation Plan itself, and any amendments to that plan, will also fail.

I believe the Implementation Plan is a viable path forward. I ask that you continue to work together with us, and with all stakeholders, to finalize the Implementation Plan as originally proposed at the November 29<sup>th</sup> meeting.

Sincerely,

A handwritten signature in black ink, appearing to read 'Thomas Buschatzke', with a long horizontal flourish extending to the right.

Thomas Buschatzke  
Director

cc: Alexandra Arboleda  
Jennifer Brown  
Terry Goddard  
Benjamin Graff  
Jim Hartdegen  
Jim Holway  
Pat Jacobs  
Mark Lewis  
Heather Macre  
Sharon Megdal  
Pamela Pickard  
Mark Taylor  
Steering Committee Delegates  
Ted Cooke